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The “Other” Unemployment Rate— Utah’s Insured Unemployment Rate Provides Economic Insights



***Seventy percent of the “unemployed”
are not receiving unemployment
benefits. Find out why.***

Most people are somewhat familiar with the unemployment rates that are published by the Bureau of Labor Statistics. These unemployment rates cover the entire labor force (total unemployment rate or TUR). Nationally, household surveys reveal the jobless rate. Monthly unemployment rates for Utah are a hybrid of modeled data and survey data. On a county level, jobless rates are estimated using other sources of data—the national survey isn’t large enough to provide rates for individual counties. The public likes to track unemployment rates—even though they are far from the best indicators of economic well-being. Maybe it’s just human nature to focus on the negative.

There is another unemployment rate that is based on hard numbers—not a survey. However, the little-known insured unemployment rate (IUR)

rarely sees the media light of day. The insured unemployment rate is calculated by dividing the number of individuals making a weekly claim for unemployment insurance benefits by the number of jobs covered by unemployment insurance laws (covered employment). These figures will not include noncovered agriculture, the self-employed, folks who haven’t worked long enough to establish a claim, etc.

Now, there’s a misconception out there that only claimants for unemployment insurance benefits are counted in the total unemployment rate (TUR). Not true. The “reciency rate”—or share of the total unemployed receiving unemployment insurance benefits—typically measures just less than 30 percent in Utah. In other words, 70 percent of the “unemployed” are not receiving unemployment benefits. Why? These individuals didn’t work long enough to qualify for benefits,

they’ve been out of the labor force for several years, they’ve never had a job, their job wasn’t covered by unemployment insurance laws, they were self-employed, or they just didn’t file for benefits.

So why might you be interested in the insured unemployment rate? First, it is based on hard numbers rather than estimates or surveys. Second, it is available a week rather than a month after the fact. Third, it can act as a precursor for changes in the total unemployment rate. Fourth, with their strong attachment and history in the labor force, these individuals typically represent the core of the labor force. Finally, it is easy to calculate insured unemployment rates by county and industry.

On the other hand, it has its drawbacks. It only includes 30 percent of the unemployed and it excludes those on extended benefit

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programs. Plus, because of the lack of interest, we've yet to seasonally adjust the data.

What can we learn from Utah's insured unemployment rate? The insured unemployment rate (IUR) registers much, much lower than the total unemployment rate (TUR). In May 2011, the average IUR measured 2.0 percent compared to a TUR of 7.3 percent.

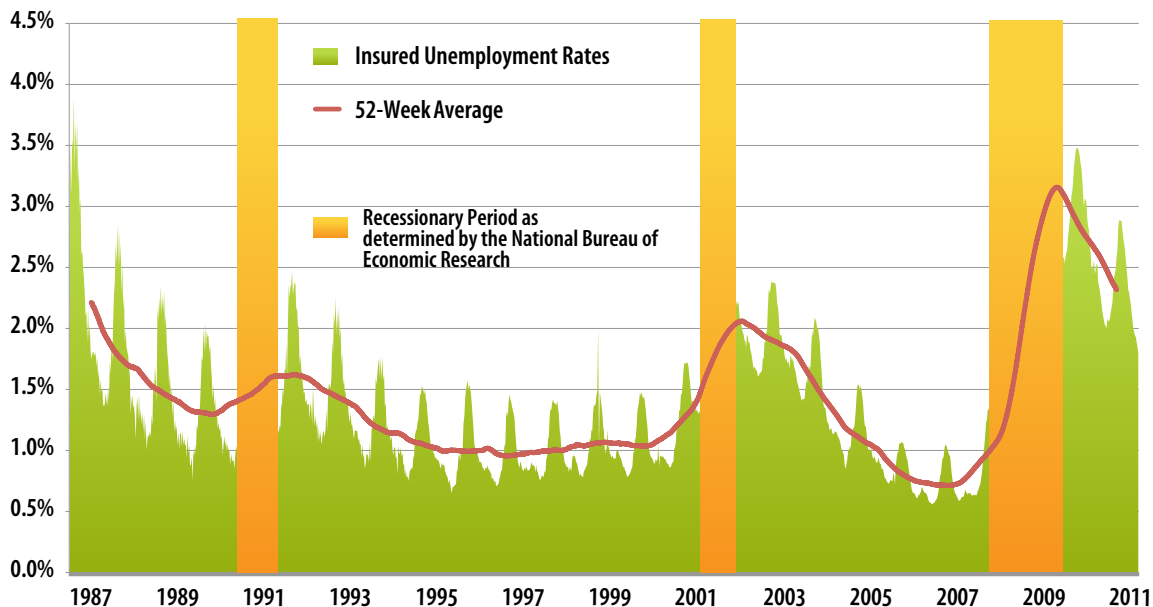
The unadjusted rate shows a very strong seasonal pattern. The IUR typically hits its peak in the last week of January or the first week in February—recession or boom.

The highest Utah IUR of the past thirty years did not occur during the so-called "great recession." Utah posted its highest IUR (3.9 percent) in February of 1987. The peak of the IUR's centered 52-week moving

average roughly coincides with the end of a recession. ⓘ

For more information on Utah's insured unemployment rate, go to <http://workforcesecurity.doleta.gov/unemploy/claims.asp>

Utah Insured Unemployment Rate



Source: U.S. Department of Labor.

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